



February 18, 2003

HOUSE BILL No. 1736

DIGEST OF HB 1736 (Updated February 12, 2003 7:20 PM - DI 92)

Citations Affected: IC 4-4; IC 4-12.

Synopsis: Rural development and tobacco farmers funds. Establishes the rural development administration fund and advisory board. Replaces the tobacco farmers and rural community impact fund with the tobacco farmers fund to establish a phase II payment program for tobacco growers and quota owners and make other grants and loans to tobacco growers and quota owners. Makes continuing appropriations to the value added research fund, the rural development administration fund, the Indiana rural development council, and the tobacco farmers fund.

Effective: July 1, 2003.

Lytle, Bischoff

January 21, 2003, read first time and referred to Committee on Agriculture, Natural Resources and Rural Development.
February 17, 2003, reported — Do Pass. Recommitted to Committee on Ways and Means.

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HB 1736—LS 7674/DI 44+



February 18, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1736

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-4-3.4-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The value added
3 research fund is established for the purpose of providing money for the
4 center for value added research and the commissioner of agriculture to
5 carry out the duties specified under this chapter. The fund shall be
6 administered by the commissioner of agriculture.
7 (b) The fund consists of money appropriated by the general
8 assembly.
9 (c) The treasurer of state shall invest the money in the fund not
10 currently needed to meet the obligations of the fund in the same
11 manner as other public funds may be invested.
12 (d) Money in the fund at the end of a state fiscal year does not revert
13 to the state general fund.
14 (e) **There is annually appropriated to the value added research**
15 **fund one million dollars (\$1,000,000) from the state general fund**
16 **for carrying out the purposes of this section.**
17 SECTION 2. IC 4-4-9.3 IS ADDED TO THE INDIANA CODE AS

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A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 9.3. Rural Development Administration Fund

Sec. 1. (a) The rural development administration fund is established to enhance and develop rural communities. The fund shall be administered by the rural development council.

(b) The expenses of administering the fund shall be paid from the money in the fund.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisers, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 2. (a) Money in the fund may be used for the following purposes:

(1) To create, assess, and assist a pilot project to enhance the economic and community development in a rural area.

(2) To establish a local revolving loan fund for an industrial, a commercial, an agricultural, or a tourist venture.

(3) To provide a loan or grant for an economic development project in a rural area.

(4) To provide technical assistance to a rural organization.

(5) To assist in the development and creation of a rural cooperative.

(6) To address rural workforce development challenges.

(7) To assist in addressing telecommunications needs in a rural area.

(b) Expenditures from the fund are subject to appropriation by the general assembly and approval by the rural development council (IC 4-4-9.5). The council may not approve an expenditure from the fund unless the rural development administration advisory board established under by 4 of this chapter recommends the expenditure.

Sec. 3. (a) There is annually appropriated to the rural development administration fund two million five hundred thousand dollars (\$2,500,000) from the state general fund for use in carrying out the purposes of section 2 of this chapter.

(b) The money appropriated by this section does not revert to the state general fund at the end of any fiscal year but remains



1 available to the rural development administration fund until the
2 purpose for which it was appropriated is fulfilled.

3 Sec. 4. (a) The rural development administration advisory board
4 is established to make recommendations concerning the
5 expenditure of money from the fund.

6 (b) The advisory board shall meet at least four (4) times per
7 year and shall also meet at the call of the executive director of the
8 rural development council.

9 (c) The rural advisory board consists of the following members:

10 (1) The executive director of the rural development council,
11 who serves as an ex officio member and as the chairperson of
12 the advisory board.

13 (2) Two (2) members of the senate, who may not be members
14 of the same political party, and who are appointed by the
15 president pro tempore of the senate.

16 (3) Two (2) members of the house of representatives, who may
17 not be members of the same political party, and who are
18 appointed by the speaker of the house of representatives.

19 (4) A representative of the commissioner of agriculture, to be
20 appointed by the governor.

21 (5) A representative of the department of commerce, to be
22 appointed by the governor.

23 (6) A representative of the department of workforce
24 development, to be appointed by the governor.

25 (7) Two (2) persons with knowledge and experience in state
26 and regional economic needs, to be appointed by the
27 governor.

28 (8) A representative of a local rural economic development
29 organization, to be appointed by the governor.

30 (9) A representative of a small town or rural community, to be
31 appointed by the governor.

32 (10) A representative of the rural development council, to be
33 appointed by the governor.

34 (11) A representative of rural education, to be appointed by
35 the governor.

36 (12) A representative of the league of regional conservation
37 and development districts, to be appointed by the governor.

38 (13) A person currently enrolled in rural secondary education,
39 to be appointed by the governor.

40 (d) The members of the advisory board listed in subsection
41 (c)(1) through (c)(3) are nonvoting members.

42 (e) The term of office of a legislative member of the advisory

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board is four (4) years. However, a legislative member of the advisory board ceases to be a member if the member:

(1) is no longer a member of the chamber from which the member was appointed; or

(2) is removed from the advisory board by the appointing authority who appointed the legislator.

(f) The term of office of a voting member of the advisory board is four (4) years. However, a voting member serves at the pleasure of the governor and may be removed for any reason.

(g) If a vacancy exists on the advisory board, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy for the balance of the unexpired term.

(h) Six (6) voting members of the advisory board constitute a quorum for the transaction of business at a meeting of the advisory board. The affirmative vote of at least six (6) voting members is necessary for the advisory board to take action.

SECTION 3. IC 4-4-9.5-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) There is annually appropriated to the Indiana rural development council one million two hundred thousand dollars (\$1,200,000) from the state general fund for its use in carrying out the purposes of this chapter.

(b) The money appropriated by this section does not revert to the state general fund at the end of any fiscal year but remains available to the Indiana rural development council until the purpose for which it was appropriated is fulfilled.

SECTION 4. IC 4-12-9-1, AS ADDED BY P.L.21-2000, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. As used in The following definitions apply throughout this chapter:

(1) "Fund" refers to the tobacco farmers and rural community impact fund established by section 2 of this chapter.

(2) "Master Settlement Agreement" has the meaning set forth in IC 24-3-3-6.

(3) "Phase II agreement" refers to the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(4) "Phase II payment program" refers to the payments to tobacco growers and quota owners established by the National Tobacco Grower Settlement Trust Agreement

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entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(5) "Tobacco grower" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

(6) "Tobacco quota owner" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

SECTION 5. IC 4-12-9-2, AS AMENDED BY P.L.291-2001, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) The tobacco farmers ~~and rural community impact~~ fund is established. The fund shall be administered by the commissioner of agriculture. The fund consists of:

- (1) amounts, if any, that another statute requires to be distributed to the fund from the Indiana tobacco master settlement agreement fund;
- (2) appropriations to the fund from other sources;
- (3) grants, gifts, and donations intended for deposit in the fund; and
- (4) interest that accrues from money in the fund.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of the state fiscal year does not revert to the state general fund **or any other fund** and remains available for expenditure.

SECTION 6. IC 4-12-9-3, AS AMENDED BY P.L.291-2001, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) ~~Subject to subsection (b),~~ Money in the fund shall be used for the following purposes:

- (1) **Distributions under section 5 of this chapter.**
- (2) Agricultural grant and loan programs to assist cooperative arrangements consisting of tobacco quota owners and tobacco growers working together to transition from tobacco production to other agricultural enterprises and to assist individual tobacco quota owners and tobacco growers who are in the process of transitioning to other agricultural enterprises.
- ~~(2) Value-added cooperatives, incubators, and other enterprises~~



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or facilities established for the purpose of assisting tobacco quota owners and tobacco growers to capture additional revenues from non-tobacco agricultural commodities.

(3) Agricultural mentoring programs; entrepreneurial leadership development; and tuition and scholarships to assist displaced tobacco growers in acquiring new training and employment skills.

(4) Academic research to identify new transitional crop enterprises to replace tobacco production.

(5) Market facility development for marketing current and new crop enterprises.

(6) Administrative and planning services for local communities and economic development entities that suffer a negative impact from the loss of tobacco production.

(7) Establishment and operation of a regional economic development consortium to address common problems faced by local communities that suffer a negative impact from the loss of tobacco production.

(b) Expenditures from the fund **for an agricultural grant or loan program under subsection (a)(2)** are subject to ~~appropriation by the general assembly and approval by the~~ the commissioner of agriculture. The commissioner of agriculture may not approve an expenditure from the fund **for an agricultural grant or loan program under subsection (a)(2)** unless that expenditure has been recommended by the advisory board established by section 4 of this chapter.

(c) There is annually appropriated to the fund from the interest that accrues from investment of the Indiana tobacco Master Settlement Agreement fund two million five hundred thousand dollars (\$2,500,000) for use in providing agricultural grant and loan programs under subsection (a)(2).

SECTION 7. IC 4-12-9-4, AS ADDED BY P.L.291-2001, SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The tobacco farmers ~~and rural community impact~~ fund advisory board is established. The advisory board shall meet at least quarterly and at the call of the commissioner of agriculture to make recommendations concerning expenditures of money from the fund **for an agricultural grant or loan program under section 3(a)(2) of this chapter.**

(b) The advisory board consists of the following:

(1) The commissioner of agriculture, who is an ex officio member and serves as chairperson of the advisory board.

(2) Two (2) members of the senate, who may not be members of the same political party, appointed by the president pro tempore



of the senate.

(3) Two (2) members of the house of representatives, who may not be members of the same political party, appointed by the speaker of the house of representatives.

(4) The following appointees by the governor who represent the following organizations or interests:

(A) Two (2) tobacco growers.

(B) One (1) tobacco quota owner.

(C) Two (2) persons with knowledge and experience in state and regional economic development needs.

(D) One (1) person representing small towns or rural communities.

(E) One (1) person representing the Indiana Rural Development Council.

(F) One (1) person representing the Southern Indiana Rural Development Project.

(G) One (1) person representing agricultural programs at universities located in Indiana.

The members of the advisory board listed in subdivisions (1) through (3) are nonvoting members. The members of the advisory board listed in subdivision (4) are voting members.

(c) The term of office of a legislative member of the advisory board is four (4) years. However, a legislative member of the advisory board ceases to be a member of the advisory board if the member:

(1) is no longer a member of the chamber from which the member was appointed; or

(2) is removed from the advisory board under subsection (d).

(d) A legislative member of the advisory board may be removed at any time by the appointing authority who appointed the legislative member.

(e) The term of office of a member of the advisory board appointed under subsection (a)(4) is four (4) years. However, these members serve at the pleasure of the governor and may be removed for any reason.

(f) If a vacancy exists on the advisory board with respect to a legislative member or the members appointed under subsection (a)(4), the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy for the balance of the unexpired term.

(g) Five (5) voting members of the advisory board constitute a quorum for the transaction of business at a meeting of the advisory board. The affirmative vote of at least five (5) voting members of the

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advisory board is necessary for the advisory board to take action.

(h) Each member of the advisory board who is not a state employee is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the advisory board who is a state employee but who is not a member of the general assembly is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) Each member of the advisory board who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(k) Payments authorized for members of the advisory board under subsections (h) through (i) are payable from the tobacco farmers ~~and rural community impact~~ fund.

SECTION 8. IC 4-12-9-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 5. (a) The Phase II payment program shall be supplemented from the fund during each state fiscal year beginning after June 30, 2003, and ending before July 1, 2011. The amount of the supplement to be provided for each state fiscal year shall be determined by the commissioner of agriculture and is the sum of the following amounts:**

(1) If the payments due and payable to tobacco growers and tobacco quota owners under the Phase II payment program during a state fiscal year are less than the amount established in the Phase II agreement, the amount necessary to make the total payments to tobacco growers and tobacco quota owners for the state fiscal year equal to the amount described in the Phase II agreement.

(2) The pro rata amount, to be distributed over the life of the Phase II payment program, that is required to make the total



1 payments to tobacco growers and tobacco quota owners for
2 the years 1999 through 2002 equal to the amounts described
3 in the Phase II agreement.

4 (b) The commissioner of agriculture shall certify the amounts
5 determined under subsection (a) to the budget agency and the
6 auditor of state. Notwithstanding IC 4-12-1-14.3, the amounts
7 certified by the commissioner of agriculture shall be transferred to
8 the fund from the Indiana tobacco Master Settlement Agreement
9 fund.

10 (c) The commissioner of agriculture shall distribute money in
11 the fund to tobacco growers and tobacco quota owners using the
12 same formula and process used for the Phase II payment program.
13 The commissioner of agriculture may contract with consultants,
14 financial institutions, and legal counsel to assist in the
15 administration of this section and may pay the expenses of those
16 contracts from money in the fund.

17 (d) Money transferred to the fund under this section is annually
18 appropriated for the purposes set forth in this section.

19 (e) This section expires June 30, 2011.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred House Bill 1736, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BISCHOFF, Chair

Committee Vote: yeas 12, nays 1.

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